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Weekly Summary

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The WEEKLY SUMMARY, issued every Friday morning by the Office of Current Intelligence, reports and analyzes significant developments of the week through noon on Thursday. It frequently includes material coordinated with or prepared by the Office of Economic Research, the Office of Strategic Research, the Office of Geographic and Cartographic Research, and the Directorate of Science and Technology. Topics requiring more comprehensive treatment and therefore published separately as Special Reports are listed in the contents.

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Soviet physicist Andrey Sakharov (r) toasts his winning of the Nobel Peace Prize

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SAKHAROV ADDS TO KREMLIN'S WOES

The already sizable headache presented the Soviet regime by dissident spokesman physicist Andrey Sakharov seems destined to grow worse, now that he has been awarded the Nobel Peace Prize. This spring, Sakharov lent his name to the organizers of a blue-ribbon international tribunal on the status of human rights in the Soviet Union. The conclave, which has been almost a year in the planning, is slated to be held in Copenhagen October 17-19.

Soviet officials have so far declined to comment on Sakharov's Nobel award. Moscow's foreign-language broadcasts, however, have attacked the Nobel Committee's "political gesture," saying it was designed to "kindle the anti-Soviet campaign and impede the easing of international tension." In calling Sakharov a man who has "put himself in a position of an anti-patriot and an opponent of peaceful coexistence," Moscow's broadsides suggest that a major campaign to discredit Sakharov is in the making. The first domestic assault on Sakharov as a "hater of peace" appeared in the Soviet press on Ocober 15.

Sakharov, meanwhile, has told Western reporters that he views the prize as beneficial to the cause of human rights in the USSR, and he has renewed his call for a general amnesty for political prisoners. In telephone interviews with Western media, Sakharov said that the CSCE agreements and his Nobel award should give impetus to an "international crusade" for human rights in the USSR.

Sakharov has also said that he hopes the Kremlin will not see his Nobel award as a "challenge" and that he believes it would "violate the spirit of detente" if he were not permitted to go to Oslo in December to collect the prize. The Norwegian embassy in

Moscow reportedly has assured Sakharov of its government's support.

Whether to let Sakharov go to Oslo—and to return—will, nevertheless, be a difficult decision for the Soviet leaders, even more so now that prominent Soviet non-dissident scientist Dr. Leonid Kantorovich has been named co-recipient of the 1975 Nobel prize for economics. The Kremlin may find it embarrassing to charge the Nobel Committee with playing politics in Sakharov's case, while recognizing in Kantorovich—a Lenin-prize winner—the contributions of a major establishment scientist.

Soviet leaders also remember clearly the case of exiled writer Aleksandr Solzhenitsyn, who won the Nobel Literature Prize in 1970, but declined to go to Stockholm unless assured he could return to the USSR. The affair ended with his expulsion in February 1974. In the intervening four years, Solzhenitsyn's name remained in the headlines and tarred the Soviet reputation abroad.

Moscow has not yet commented directly on the Copenhagen tribunal. Tass, however, has replayed for foreign consumption some of the more derisive comments by Western leftist media, including questioning of the dissident physicist's "humanist" credentials and dark hints about the sources of the meeting's financial backing.

If the tribunal follows early plans, it will range across human rights violations in the USSR, from religious oppression to curbs on freedom of movement. Its focus will be on testimony from survivors of Soviet prisons, labor camps, and psychiatric hospitals.

The sponsors, a group of Soviet and East European exiles resident in Denmark, have solicited testimony, oral and written, from "any person able to give it." Several prominent Soviet exiles are expected to testify. Solzhenitsyn has been invited but has reportedly declined to attend.

Sakharov's prominence at home and abroad, along with his record of public appeals on behalf of the very causes the tribunal intends to examine, made his name an obvious and early choice for the sponsors of the Copenhagen meeting. There is no evidence that they knew beforehand that Sakharov would win the Nobel Peace Prize. The award will be sure to attract added attention to the tribunal's proceedings.

The two events, the Peace Prize and the tribunal, will intensify speculation about Sakharov's future.

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Sakharov gradually took up dissident activities in the 1960s and was slowly cut off from his work on the Soviet nuclear program. He was fired and his security clearance lifted shortly after publication in the West during 1968 of his essay, "Progress, Coexistence, and Intellectual Freedom." Since May 1969, he has held a low-ranking job as a part-time researcher at the Lebedev Institute of Physics in Moscow.

Sakharov, however, remains a member of the Soviet Academy of Sciences. He even attended the opening of the academy's 250th anniversary celebrations in Moscow on October 7 and listened to General Secretary Brezhnev's keynote address. Sakharov's contacts there with numerous visiting Western scientists increases the size of the problem he poses for the regime.

The strongly democratic, soberly reformist Sakharov has never subscribed to the authoritarian, nationalistic outlook expressed by Solzhenitsyn. Sakharov has thus been able to reach a wider Western audience as a spokesman for human rights in the USSR. The contrast between Solzhenitsyn and Sakharov is a further measure of the Kremlin's problem in dealing with the dissident physicist.

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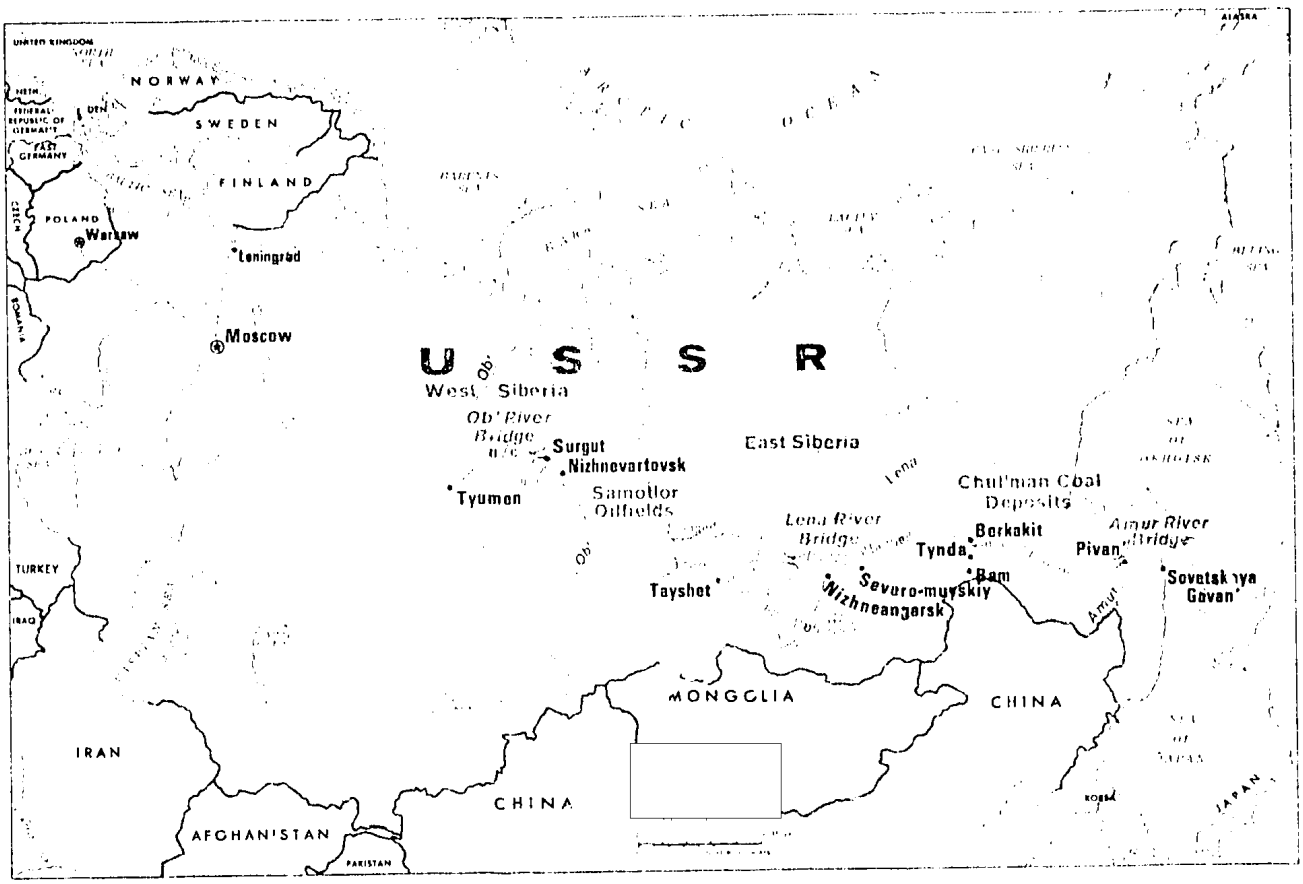
SIBERIAN DEVELOPMENT CHUGS ALONG

The Soviet Union opened two bridges along the route of the Baykal-Amur railroad in September, crossing another hurdle in Siberian railroad construction. These two are among the largest of 142 major bridges envisioned for the railroad, and their completion will have a significant psychological and technological impact. The construction techniques were new to the USSR, and the experience gained should aid construction of the other bridges.

The 1,100-meter Amur River bridge at the eastern end of the railroad provides a major year-round connection between the railroad and the Pacific Ocean. This link should alleviate bottlenecks in existing rail capacity. Until now, the Soviets have relied on a rail ferry during summer and tracks across the ice during winter. At the western end, the Lena River bridge will simplify moving heavy equipment needed at two of the largest planned tunnel sites—one near Nizhneangarsk and the other, which will be the longest tunnel in the USSR, at Severo-Muyskiy.

Railroad construction—particularly the Baykal-Amur railroad—has top priority in the Kremlin's plans for developing Siberia. Construction on the Baykal-Amur was to increase fivefold this year and is planned to double again in 1976. Although work on the railroad generally has progressed on schedule, it is still too early to evaluate whether the 1982 completion deadline can be met because construction over the most rugged terrain has yet to start in earnest.



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The railroad is viewed as critical to any intensive Siberian development program because more than 75 percent of the machinery in Siberia is transported from other regions. Complaints about recurrent equipment breakdowns, repair difficulties, and shortages of equipment have resulted in imports of more reliable equipment from the US.

The Soviets have also completed several other rail projects this year. Among them are the Bam-Tynda rail line, facilitating the movement of construction materials to sites along the Baykal-Amur railroad, and a bridge across the Ob River on the Tyumen-Surgut line, expanding access to West Siberian energy resources. The Bam-Tynda line is being extended north to Berkakit and the Chulman coal deposits.

Moscow is planning to upgrade existing lines from Pivan to Sovyetskaya Gavan and from Tayshet to the Lena River to permit more intensive use of the Baykal-Amur railroad. Only track laying is needed to complete the extension of the Tyumen-Surgut line to Nizhnevartovsk and the Samotlor oil fields.

Other transportation projects under consideration for Siberia include the extension of a rail line from Nizhnevartovsk eastward to the Baykal-Amur to form a grand "North Siberian Railroad" and the construction of several north-south road and rail "tentacles" to intersect with the Baykal-Amur and provide direct access to mineral deposits and other resources.

The Soviets reportedly are considering a road paralleling the Baykal-Amur to handle short-haul traffic. It is unlikely, however, that sufficient resources for these projects will be available until the Baykal-Amur line nears completion.

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USSR-SYRIA: AN IMPORTANT SYMBOL

Whatever the practical results of Syrian President Asad's brief visit to the USSR last weekend turn out to be, there is no doubt Moscow considered the visit an important symbol of its continuing role in the Middle East. Party boss Brezhnev and other top Soviet leaders greeted Asad at the airport and saw him off when he left.

One obvious purpose of the visit, aside from demonstrating the solidarity of Syrian-Soviet opposition to Sinai II, was almost certainly to discuss strategy for the next round of Middle East diplomacy. The Soviets doubtless sought to explore Syria's attitude toward new talks, especially since Damascus, unlike Moscow, is cool to the idea of reconvening the Geneva conference.

The composition of Asad's delegation, which included Defense Minister Talas as well as Foreign Minister Khaddam, indicates that military issues were also high on the agenda. Talas and Khaddam remained in Moscow until October 15, probably to try to negotiate more Soviet military aid for Syria as a counterbalance to new US arms commitments for Israel.

The two sides probably also discussed the situation in Lebanon. Moscow has applauded Syrian efforts to mediate the conflict there.

The brevity of the communique issued after Asad's departure suggests that the two sides did not see eye to eye on all matters. At the least, however, their silence on substantive issues keeps the options of each open as they consider the next steps in the Middle East negotiating process.

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British Foreign Secretary Callaghan (l) at recent EC foreign ministers meeting

THE UK, THE EC, AND ENERGY

Delegates from several industrial and developing countries agreed this week in Paris to hold a conference of 27 states on "international economic cooperation." The session, which convenes in Paris on December 16, will bring together rich and poor nations to consider energy, raw materials, economic development, and related financial issues.

London's decision not to allow the EC to represent it at the meeting has had little effect as yet on the preparations, but the UK's action will enormously complicate the process of selecting which countries will represent the industrialized nations and how they will coordinate policies. The move reflects Britain's difficulty in balancing national and community interests and is another example of the trouble the EC has had recently reaching common stands on international economic issues. If the EC members make London's move a matter of principle, a bitter, divisive wrangle could develop.

The UK had been on record for some time that it might seek its own seat. Nevertheless, Foreign Secretary Callaghan's firm stand at the EC Council last week caused surprise and dismay among London's EC partners. Predictably, most of them assailed the British for threatening EC "solidarity" by neglecting to make any reference to the need for a common stand, even though all recognize that agreement on an EC energy policy is an extremely difficult matter. 25X1

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Most EC members are taking London's move as a serious threat to the community.

Callaghan contends that Britain—as the only potential oil exporter among the Nine—could not have its interests adequately represented by the community. This highlights the disparate concerns among the partners that obstruct their search for a common energy policy. Satisfaction

of even the UK's principal demand—a long-range energy price guarantee for its North Sea oil—would, in itself, do little to narrow the gap.

The Wilson government has been under domestic pressure on the issue of sovereignty over North Sea production since well before last summer's referendum that confirmed the UK's continued participation in the EC. The Labor government, faced with a deteriorating economic situation, cannot afford to give the impression that it has surrendered control over the resource many have touted as Britain's best hope for the future.

London's reluctance to delegate representation may be aimed in part at getting the community to develop a common energy policy. The UK's impatience with its partners can also be seen in other areas, however. On relations with the developing countries, the EC has yet to formulate a coherent stand. As recently as Monday, the Nine failed to agree on an aid program for those developing states that are not already associated with the community—many of them Asian countries with ties to Britain.

The EC took a back seat to the US at last month's special session of the UN, where a compromise was struck between the developed and developing states. London had advanced its own program for development cooperation to its commonwealth associates last spring, and the Wilson government may feel that the lack of international response is, at least in part, because of London's difficulty in securing the support of its community partners. London can thus also make the argument that its development policy cannot be adequately represented by the community and could further insist that its importance as an international financial center dictates the need for separate representation on financial issues.

The EC and the other industrialized states will, of course, have to settle the representation question before the conference in December. Short of an accommodation with its partners, there are few workable alternatives. One possibility—not generally favored by most participants—would be to increase the number of participants to accommodate other developed states, along with a commensurate increase in developing-state representatives. Another would be to allow both the EC and Britain to attend the conference or participate in one or more of its follow-up commissions. Other, less likely, solutions include a full agreement among the Nine on common energy and development policies or permitting Britain to take the EC seat on energy matters. The latter would not resolve the basic conflict of interests between Britain and

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SOVIET METEOROLOGICAL SATELLITE

Cosmos 775, launched last week into a stationary orbit over the Indian Ocean, may be part of the "three-tier" meteorological satellite system the Soviets have been talking about for many years. Soviet literature describes the three-tier system as a manned satellite in near-earth orbit, an improved Meteor satellite in a medium-altitude orbit, and a stationary satellite over the Indian Ocean.

Last July, the Soviets launched into a medium-altitude orbit the first of a new series of Meteor satellites designated Meteor 2 which are probably improved versions of the Meteor 1 series, first launched in 1969.

A future manned space station operation using the Salyut spacecraft could provide the low-altitude portion of the three tiers.

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The precise mission of Cosmos 775 has not been identified; it may be meteorological, or related to intelligence collection.

the rest of the community. In the end, the UK faces the possibility of not gaining its own seat at the conference and, having declined EC representation, not being represented at all.

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TURKEY: STRONGER HAND TO DEMIREL

Last Sunday's partial Senate elections in Turkey strengthened Prime Minister Demirel's position within the governing coalition and in relation to his political opponents.

According to the unofficial tabulation, Demirel's conservative Justice Party won 27 of the 54 Senate seats and 5 of the 6 National Assembly seats that were contested. Although Demirel's main opponent—Bulent Ecevit's Republican People's Party—won a higher percentage of the vote (43.3 compared to 40.8 for the Justice Party) the Republicans took only 25 Senate seats and 1 assembly seat.

Ecevit has claimed victory, pointing to his party's higher percentage of the vote and its net gain of 17 Senate seats. These figures may, however, somewhat exaggerate the party's nationwide strength. A larger percentage of the seats at stake were in Republican strongholds than would be the case in a general election.

Turkey's minor conservative parties did poorly. US embassy officials think this may mean that—for the present at least—Turkey is moving back toward a two-party system after two years during which no party had a majority and only weak coalition or caretaker governments were possible.

Among the small parties that lost ground was Necmettin Erbakan's National Salvation Party, a partner in the government coalition. Erbakan's recent uncompromising stands on several issues had largely immobilized the government. Its poor showing could give Demirel more flexibility in dealing with such pressing problems as Cyprus.

Prime Minister Demirel votes during recent election

In confronting contentious issues, Demirel will, however, be sensitive to the prospect of a full parliamentary election, which must be held in 1977 and could even be held earlier. He will try, therefore, to avoid taking positions that could harm his party's electoral chances.

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PORTUGAL: TESTING AZEVEDO

Portugal's anti-Communist leaders have backed down in the face of a serious incident of military indiscipline instigated by the far left and the Communists. If further such challenges are not countered, an early end to the Azevedo government is probable.

The week-long occupation of an artillery unit in Porto by leftist soldiers and their civilian supporters—the most serious challenge faced by the month-old Azevedo government—was resolved earlier this week by a compromise worked out by Army Chief of Staff Fabiao. The agreement meets many of the demands of the rebellious troops and skirts the issue of their open defiance of the government. No punishment is called for, despite a government announcement during the rebellion that those responsible for the civil unrest would be prosecuted. Scores of people were injured when center-left Popular Democratic Party supporters were fired on by the militants.

The government's failure to take a strong stand on this issue is probably due to the lack of a reliable security force. The military intervention force, announced several weeks ago, still exists only on paper. Lack of support from President Costa Gomes may also have been a factor.

Army Chief of Staff Fabiao

Calls for the return of pro-Communist former prime minister Vasco Goncalves to power have occurred at leftist gatherings, and the Communist-influenced Lisbon press is increasingly referring to such a possibility. The Porto incidents and other anti-government activities on the part of the military are linked with Goncalves and other pro-Communist officers who formerly held key positions and have been allowed to remain on duty.

A challenge is also developing in the labor sector. Metallurgical and agricultural worker unions have threatened to paralyze southern Portugal by strikes within a few days if $160 million in agricultural credits promised by the Goncalves regime are not forthcoming. The Communists have solidified their control over the metalworkers—the most important blue-collar federation in Portugal—in recent elections and also succeeded in obtaining wage increases despite government appeals to the workers to curb their demands.

Both the Communists and the extreme left had refrained from criticizing Azevedo personally but—following his speech on October 13 on economic problems—he was attacked by newspapers of both factions. The far-left *Republica* sharply criticized him for saying that the workers are partially to blame for the economic crisis, while the pro-Communist *Diario de Noticias* questioned whether Azevedo is on the side of the majority political parties or of the workers and farmers.

The government's conciliatory stand on the Porto incidents raises difficult questions about its resolve to enforce its own decisions and is likely to encourage similar incidents elsewhere. A flurry of anti-government demonstrations and strikes fomented by the far left and the Communists is expected to further test Azevedo's mettle in the weeks to come. 25X1

MPLA head Agostinho Neto (r)

ANGOLA: LITTLE CHANGE

After a week of renewed fighting, Angola's three warring liberation groups have made little headway toward improving their respective military positions. The Popular Movement for the Liberation of Angola, the dominant political and military organization in the territory, still projects itself as the only group capable of governing after independence on November 11.

Military offensives by all three groups apparently are being hampered by logistic problems. The Soviet-backed Popular Movement has not been able to drive the National Union for the Total Independence of Angola from its headquarters in Nova Lisboa, Angola's second largest city. Nor can the National Union push the Popular Movement out of Lobito, the territory's major port. Both groups are having difficulty providing a continuous flow of fresh troops and supplies to their forces.

In northern Angola, the National Front continues to move very slowly toward Luanda from its base of operations at Caxito, some 40 miles to the northeast. The Front naively hopes that by laying siege to the capital it can buttress its claims to political legitimacy and pressure the Popular Movement into accepting the Front as a partner in an independent government.

Lisbon maintains that all three liberation groups have a legitimate and equal claim to political participation after independence, and to transfer sovereignty to a single liberation group would be contrary to Portugal's philosophy of decolonization. Nevertheless, the Popular Movement seems to believe that Portugal will have no choice on November 11 but to turn over power exclusively to the Movement. Movement President Agostinho Neto stated this week that he hopes a reconciliation committee recently sent to Angola by the Organization of African Unity will recognize his group as the sole legitimate representative of the Angolan people. In Neto's view, this would place heavy pressure on the Portuguese to follow suit.

Neto has also said that, in the event the Portuguese refuse to transfer sovereignty officially to the Popular Movement, his organization is prepared to proclaim the independence of Angola under its own banner. The Portuguese could do nothing to counter such a move. Por-

tugal still plans to have all of its troops out of the territory by November 11.

The Popular Movement prefers to gain power with the legitimacy a Portuguese transfer of sovereignty would confer. To that end, it is continuing to project itself as the unofficial successor to Portugal, most recently by sending a delegation to the UN General Assembly. The delegation will receive no formal recognition from the UN, but will probably engage in heavy lobbying, especially against any UN intervention in Angola.

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INDIA: ECONOMIC PROSPECTS GOOD

Shortly after extending her authority in June, Prime Minister Gandhi announced a 20-point economic program to reduce the prices of essential commodities, expand agricultural and industrial production, and improve the position of the rural poor. Most of the 20 points were restatements of earlier promises, but the Prime Minister's new authority gave her more power to implement changes.

Now, several months later, short-term economic prospects are good:

- The best monsoon rains in five years are likely to produce a record grain harvest this fall.

- Increased supplies of hydroelectric power and agricultural raw materials will stimulate industrial recovery.

- Strict monetary controls have reduced inflation dramatically, and the large harvest will help keep inflationary pressures in check.

Good weather, rather than government initiative, is responsible for the favorable outlook; Gandhi, nonetheless, will take credit for any economic upturn.

Food grain imports this year will probably be some 1 to 2 million tons less than the 6 million imported last year. About 2.5 million tons were on hand at the beginning of the year, compared with a peak of 10 million tons in 1972; New Delhi intends to import substantial amounts of food grains to build up buffer stocks.

To date, India has arranged to import about 3.5 million tons of wheat for 1975, with 2.5 million tons coming from the US. Continuing foreign exchange shortages will limit additional purchases, and New Delhi will probably seek concessional grain.

India's trade deficit, $1.4 billion in the year ending March 1975, will increase moderately, attributable to higher prices for petroleum, fertilizer, and food grain. These have caused trade deficits for the past two years in contrast to a surplus in 1972. India now pays $1.5 billion for imported petroleum. The recent 10-percent price hike for oil and increased consumption will cost India $200-$300 million more next year. Offshore oil exploration and exploitation is not far enough along to reduce Indian dependence on foreign oil before 1980.

The trade deficits have resulted in a massive increase in foreign borrowing. Despite rising debt-service payments, net capital receipts increased sharply in 1973 and 1974. During these years, India obtained nearly $700 million from the International Monetary Fund, in addition to $1.7 billion in net aid from other sources. Much of the IMF borrowing will be due by 1978, when total debt service obligations will rise about 20 percent to $900 million. India's ability to meet payments will continue to hinge largely on new loans, repeated rescheduling of payments, and IMF borrowings.

Promising short-term prospects notwithstanding, the long-term outlook remains pessimistic. Changes more fundamental than those embodied in the 20-point program are needed to attack deep-rooted economic problems of population pressure, low domestic savings and investment, dependence on foreign aid, and huge external debts.

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LEBANON: CEASE-FIRE THREATENED

The security situation in Beirut improved markedly following the cease-fire arranged during Prime Minister Karami's trip to Damascus late last week. In midweek, however, the developing truce was marred by new clashes between Muslim and Christian militiamen in the eastern suburbs of Beirut. There has been no significant progress toward resolving fundamental political issues that underlie the continuing crisis.

The fighting on the night of October 14-15 involved a refugee camp under the control of "rejectionist" fedayeen who fired anti-aircraft batteries at an adjoining Christian community. Some of the rounds fell on a nearby Armenian quarter, threatening to bring the Armenians into the conflict for the first time.

This week, the national reconciliation committee for the first time took steps to come to grips with the underlying causes of the crisis. On October 13, subcommittees were formed to consider political, economic, and social reforms. Both leftist leader Kamal Jumblatt and conservative Christian leader Pierre Jumayyil, head of the Phalanges Party, were named to the political committee, which was scheduled to hold its first meeting on October 16. There is no indication, however, that the Phalangists are prepared to agree to a modification of the existing political structure in a way that would give the Muslims greater political power.

The conference of Arab foreign ministers which convened in Cairo on October 15 achieved very little. The ministers appealed for self-restraint to end the fighting and called on Arab League members to provide Lebanon with financial aid. Neither Syria nor the Palestine Liberation Organization, which are both heavily involved in the Lebanese crisis, attended the conference. A PLO spokesman described the conference as an attempt to divert attention from the second Sinai agreement, while the Syrians, who regard Lebanon within their sphere of influence, opposed "Arabizing" the crisis. [redacted] 25X1

Lebanese army bulldozer dismantles sandbag barricade in Beirut

SPANISH SAHARA: COURT DECISION

The International Court of Justice and a UN fact-finding group released their findings on the status of Spanish Sahara this week, moving the long-simmering dispute over the territory into a crucial stage.

The International Court's advisory opinion on October 16 asserted that both Morocco and Mauritania had legal ties with the "Western Sahara" at the time of Spanish occupation, but not ties of territorial sovereignty. The Court decided, by wide majorities, that these ties do not preclude the application of the principle of self-determination to the territory. The Court took up the case in response to a request from the UN General Assembly last December.

The report by the UN group—a delegation from the Decolonization Committee that visited the area last spring—suggested that the UN encourage dialogue among all "interested parties" including Saharan refugees living in exile. It also recommended that the UN designate a commission of experts to determine who is a Saharan, but stopped short of explicitly backing a referendum. In an apparent reference to Morocco, which has threatened to use force if necessary to "recover" the territory, the report urged all parties to recognize Spain's responsibility during the decolonization process and avoid provocative acts that could upset the status quo.

Both the UN report, if adopted in committee, and the Court's opinion will be submitted to the current session of the UN General Assembly, which has to decide whether to formulate a proposal for decolonization of Spanish Sahara or to leave settlement of the dispute to the countries involved. Earlier assembly resolutions have endorsed self-determination.

Morocco's King Hassan is committed to annexing at least part of Spanish Sahara. In a speech following the release of the Court's opinion, Hassan announced he will organize a "peaceful" mass march into the Spanish Sahara. He said he would not seek an armed conflict with Spain, but would fight in self-defense.

At the same time, Hassan may interpret the Court's opinion as supporting partition of Spanish Sahara between Morocco and Mauritania. The two countries reached an agreement in principle earlier this year that would partition the territory, giving Morocco the northern region with its phosphates and granting Mauritania some of the southern portion containing iron ore.

Rabat probably will try to have the UN report shelved in committee or submitted to the General Assembly as information only. The report implies a role for Algeria, which insists it is an "interested party," in settling the Saharan dispute. Morocco vigorously opposes any such role.

King Hassan has apparently not abandoned his year-end deadline for resolving the dispute or his threat to use force. Rabat has taken various measures to meet any military contingency that may arise with Spain or Algeria.

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Algeria opposes Morocco's aspirations and has publicly supported a referendum, supervised and guaranteed by the UN. It also has been supporting a Saharan group seeking independence for the territory. Algiers will probably argue that the Court opinion and the UN report's call for consultations with Saharans is recognition of their right to self-determination.

Spain, for its part, would welcome new talks with Morocco in order to achieve a peaceful and orderly withdrawal from the Sahara. Madrid may view the Court's findings as a basis for an amicable solution and drop its earlier wish for a referendum. Spain has been unwilling in the past to disregard Algeria's interests, however, and this may still be a major stumbling block.

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PANAMA: NO FIREWORKS

The celebration on October 11 of the 1968 "revolution" that brought General Omar Torrijos to power was a peaceful and rather sober affair. The government went out of its way to stress the positive image of a responsible, popularly supported government and to take a moderate line toward the treaty talks.

Chief of Government Torrijos and President Lakas delivered sober, moderate speeches. Lakas dwelt on the regime's accomplishments while Torrijos emphasized that national unity and patience would be needed to weather the difficult canal negotiations. Torrijos stressed the need for restraint, pointing out the realities of negotiating with a "sometimes irrational" colossus with a formidable military presence in the zone. He said any treaty that could be achieved quickly would only be rejected when submitted to his promised popular referendum. His tone and specific reference to US political needs regarding the 1976 election again made clear that he is resigned to continue negotiating at least through next year. Also on a conciliatory note, Torrijos promised US canal workers that his government would respect labor gains and that extraterritorial protection is unnecessary. Those who think otherwise, he warned, should leave.

Torrijos commented on two major sticking points in the negotiations—US bases and the duration of the treaty—by stating that Panama was not negotiating on US military bases, only the period within which they must be dismantled; any presence beyond the end of the century would be unacceptable. By constantly reiterating this position, even in the context of an otherwise generally conciliatory speech, Torrijos has made retreat on this issue extremely difficult, if not impossible.

The press had anticipated that some 128,000 persons would attend the main rally, but only 35,000 were present, even though the government provided free transportation from outlying provinces and probably pressed government employees to attend. Several secondary events were canceled, apparently to build attendance at the main rally. The disappointing crowd was the combined result of poor weather, the weekend rather than weekday anniversary date, and the absence of any recent noteworthy government achievement or prospective announcement to generate enthusiasm.

The government carefully scheduled main events away from the Canal Zone and did not emphasize the concurrent 50th anniversary of the 1925 renters' strike, when US troops were called by the Panamanian government to put down riots in the capital. Students apparently got the word that the National Guard wanted no incidents to detract from the negotiations; no anti-US demonstrations of any kind were reported. [redacted] 25X1

General Torrijos

The Junta
Admiral Merino President Pinochet General Leigh General Mendoza

CHILE: CHANGING ADVISERS

President Pinochet's dismissal off four ultraconservative civilian advisers seems likely to soften some of the hard-line policies that have been so damaging to the government's image-building attempts.

The advisers' ouster evidently was calculated to check fighting within the regime and to respond to army complaints about the dictatorial, right-wing influences created by their presence. Another important motivation undoubtedly was to foster some measure of international respectability by eliminating the most vocal exponents of the government's right-wing philosophy.

Less conservative elements within the military and some members of the junta have resented this small rightist clique and have blamed its members for the poor advice given to Pinochet on domestic and foreign affairs. Even conservative politicians who strongly support the government have voiced reservations about the "unhealthy" influence of these advisers, whom one prominent National Party leader described as "semi-fascist."

The outspoken air force member of the junta, General Leigh, frequently has been contemptuous of decisions made at the behest of Pinochet's civilian team. On several occasions these objections, shared by other junta members, caused the President to change his mind and steer away from the more extreme positions advocated by the ultraconservatives.

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The Human Rights Commission released an extremely harsh report in the UN this week that is certain to stir renewed attacks on the military regime.

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119 Chileans allegedly killed or missing outside the country. Strong evidence that the 119 were killed while under detention in Chile has evoked sharp condemnation in the foreign press. Official claims that

they were exiles operating from Argentina have not been substantiated, and the government's credibility has grown so thin that the whole incident is now a source of acute embarrassment.

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In another shift involving a civilian adviser, Pinochet demanded and received the resignation of respected economist Fernando Leniz, vice president of the Chilean Copper Corporation and a former economy minister. He was dismissed apparently because Pinochet and some senior army officers opposed his policies. His replacement by a general believed to be close to Pinochet will give the military closer control over the planned reorganization of the copper corporation. Meanwhile, there are strong indications that another high-level member of the civilian economic team may be leaving the government soon.

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BRAZIL: SHIFTING OIL POLICY

Last week's announcement that foreign oil firms will be invited to prospect in Brazil—a dramatic departure from past practice—points up the urgency that President Geisel and his advisers attach to the search for energy in general and petroleum in particular. Geisel's announcement was the culmination of a well-planned effort to prepare the public for such a move and blunt the arguments of ardent nationalists opposed to it.

Brazil relies on imports for approximately 80 percent of its oil and has suffered under the rapid price hikes imposed by OPEC. Costly imports have aggravated serious balance-of-payments and inflationary problems, sharply reducing the high growth rates the military regime has come to count on as its justification for holding power.

The pressing need for more energy supplies has led Brazil to push ahead in other areas—notably nuclear power—while continuing the search for more oil. While new deposits are being discovered and developed, production from these areas thus far has done little more than offset declining output from older fields.

Even before gaining the presidency, Geisel as head of the state oil monopoly was believed to favor some form of participation for foreign firms possessing greater capital and technology. Early this year, his administration floated a proposal for overseas companies to enter Brazil on a risk contract basis. The general reaction, however, was not favorable, and the idea was shelved temporarily because of opposition from nationalists.

In recent weeks, the government has sought to focus attention on the need to take more definitive action. The heavily censored press, for example, gave considerable play to September's domestic price increase in order to curb demand and to the most recent OPEC price hike. Moreover, newspapers highlighted reports that some developing nations had invited foreign firms to explore for oil. Possible rationing and the prospect of stretching motor fuel by increasing the alcohol content were also featured.

Last week, Geisel presented the cabinet with the proposal to invite foreign exploration through risk contracts as part of an overall economic and energy program designed to cope with the nation's serious balance-of-payments problem.

Geisel appears to have the all-important backing of the military high command, as well as others in government.

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ECUADOR: COUNTING DOWN

Despite the continuing deterioration of support from military officers and civilians, General Guillermo Rodriguez Lara remains President of Ecuador. The painful prolongation of his tenure owes largely to the absence of a widely acceptable alternative; that his days are numbered is now virtually beyond dispute. He could readily be forced to step down by the three service chiefs, who might then rule as a junta or appoint a civilian to the presidency. The change could occur at any time, but probably no later than February 15, the fourth anniversary of the coup that brought Rodriguez to power. The President would be likely to step down then if his support continued to dissolve.

Rodriguez, undoubtedly now aware that his position is precarious, was reportedly amazed at the extensive dissatisfaction revealed by his investigation of the coup attempt on September 1. Fearful that a second and more successful coup is imminent, he seems to be looking for a face-saving way out and apparently envisions a transition to civilian government that would be more gradual than most of his critics would be likely to tolerate. He may be obliged to settle for an interim government that is neither military nor quite civilian.

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In their almost four years in government, the armed forces have brought about significant changes in the style of Ecuadorean administration. Perhaps their major accomplishment was to reduce the incidence of corruption among government officials. This is all the more remarkable in these years of growing national wealth from petroleum. The military has also reduced nepotism and launched a new tradition of bringing technical expertise to bear on the problems of administration. Concerned officers now want to be reasonably certain that these innovations will not be swept away after the military bows out. This will make very difficult any agreement on even an interim solution, much less a permanent successor government.

25X1

ARGENTINA: THE STATE OF THE PRESIDENCY

Maria Estela Peron's resumption of the presidency, in the face of opposition from several powerful sectors, is likely to intensify the country's political and economic crisis.

Many middle-of-the-road political and union leaders had joined the military high command in pressing the President to extend her leave of absence. They believed that the governing team of Acting President Luder, Interior Minister Robledo, and Economy Minister Cafiero was making creditable progress in the key areas of the economy and counterterrorism.

Other Peronists, particularly those conservative labor bosses who have staked their political future on her retention of the presidency, urged her return. Their support reinforced Peron's own stubborn determination to continue her dead husband's work despite the physical and emotional toll of the job.

The forces arrayed against President Peron could have prevented her return. They chose not to, however, because she is the legitimate president and most Argentines still prefer a constitutional solution to their leadership crisis.

This sentiment, though steadily eroding, was strong enough to convince military leaders to

Acting President Luder waves to crowd seeking his continuation as president

stop trying to keep Peron away from Buenos Aires. They have apparently decided again to stand aside and allow her government to fall victim to its own incompetence. They undoubtedly reason that public disenchantment will then create a situation amenable to more direct military intervention in politics.

Peron's acceptance of the role of a ceremonial head-of-state is crucial to her survival. If she listens to the high command and allows Robledo and Cafiero a free hand, her government could limp along for several more months, with the military staying on the sidelines. If she insists on trying to rule as well as reign, the least she can expect will be another period of enforced rest away from the capital.

Cafiero's emergency economic program is another key to her survival. He has acquired significant foreign assistance and adopted reasonable, gradual measures at home which might succeed if he is able to fend off the exorbitant wage demands which the unions are making.

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Chiang Ching

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CHINA

CHIANG CHING, A FADING STAR

Chiang Ching, wife of Mao Tse-tung, has suffered a series of setbacks this year that have virtually stripped her of the power she had wielded over cultural matters for nearly a decade. Her misfortunes raise serious doubts about her present and future role in politics. Significantly, Mao has been personally associated with the moves against his wife, and it is now widely accepted in China that he has all but washed his hands of her.

Chiang Ching's star began to fade when she failed to win a government position at the National People's Congress in January. This failure has been attributed to Mao, who reportedly vetoed her nomination. Throughout the year, Mao has stepped into the cultural arena to mediate disputes, in each case siding with beleaguered artists accused by his wife of political errors. This summer, Mao lifted a ban imposed by Chiang Ching on the distribution of a documentary film on the life of a model worker. Mao also personally authorized the rehabilitation of several leading cultural officials who were among the most viciously attacked during the cultural revolution.

The Mao-endorsed rehabilitations are the latest and clearest of a series of signs that Chiang Ching is being nudged off the cultural stage. Evidence is growing in fact that the cultural portfolio is now in the hands of Politburo member Chang Chun-chiao.

Mao and his wife have evidently crossed swords on issues other than culture. Chiang Ching's behavior when alone with foreign visitors seems to be an especially sore point.

Chiang Ching's last solo outing with an official visitor was a year ago, when she played host to Imelda Marcos of the Philippines. After the establishment in June of diplomatic relations, the Philippine government offered to name an orchid after Madame Mao, only to be told by Peking to rename the orchid to commemorate Sino-Filipino friendship.

Incidents such as these may have been behind the six prohibitions on Chiang Ching's political activity that Mao reportedly set down in a

document recently circulated within China. She is prohibited from meeting with foreigners alone, from making speeches without prior party approval, and from meeting with Mao. The word is clearly out to the Chinese people that Chiang Ching does not have Mao's support. This deprives her of a powerful weapon she has used effectively in the past and could have been expected to use after Mao's death; namely, that opposition to her is tantamount to opposition to Mao, that she is the sole repository of Mao Tse-tung's thought, and that others in the leadership distort Mao's policies.

She cannot credibly make these claims today, and, more important, she will not be able to do so in the post-Mao era, unless she finds some way to promote her ambitions. This is not to say that the left wing of the party, which she represents, is politically dead. Chiang Ching's views have a constituency throughout the country, and she personally may still have supporters in the cultural field.

Given Mao's dissociation from her, however, it appears that her personal political future is bleak and that the party's left wing will have to find another spokesman, one more adept at the political game than Chiang Ching has been.

1975 FALL CANTON FAIR

The fall Canton Fair, to be held October 15 through November 15, will provide some indication of the prospects for China's foreign trade in 1976. Peking is undoubtedly hoping that sales will be better than the low levels of the previous two fairs. The slow economic recovery in the West, however, will probably inhibit any large increase over the $700-million level for the last two fairs.

Purchases by Japanese traders, traditionally the largest contingent at the fair, will show a continued slack demand for Chinese goods in Japan. The less-developed countries have recently been represented in greater numbers, but the prospect of higher oil import bills may inhibit purchasing by these countries.

US visitors, including dependents, may reach 500. At the spring fair, US sales of about $35 million exceeded the $30 million in US purchases, which were mostly minerals and metals. Chinese consumer goods have a limited market in the US.

Peking will probably again stress exports at the fair. Last spring, the Chinese cut prices on many items and were forthcoming on matters of styling, labeling, packaging, and delivery dates. Techimport, China's whole plant import corporation, is not likely to be represented because major Chinese import deals are conducted outside the fair.

China's record $1-billion trade deficit in 1974 has led to a retrenchment in imports this year. Total trade is expected to increase less than 10 percent, perhaps between $14 and $15 billion. Preliminary trade returns from its Western trading partners over the first half of this year show China's imports up only 1 percent and exports up 3 percent over the same period in 1974.

Sharp reductions in purchases of US agricultural products have accounted for most of the cutbacks in imports. Deliveries under 1973-74 whole plant contracts are boosting imports of machinery and equipment, but new plant purchases this year total less than $50 million, a fraction of the total in the past two years.

China's trade in 1975 will still show a deficit, although a smaller one than last year. Credits and other short-term borrowing will finance much of the deficit, and the balance of payments will likely improve. Sales of Chinese petroleum are only offsetting the decline in traditional exports. Unless oil exports can be boosted above current levels, Peking will probably maintain its present policy of restricting import growth to reduce its trade deficit. 25X1